

Chapter 17 Project Completion

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EXHIBITS

Exhibits applicable to this chapter can be found at:

<http://www.dot.ca.gov/hq/LocalPrograms/lam/forms/lapmforms.htm#goHere8>

- Exhibit 17-A Cover Letter & Federal Report of Expenditures Checklist
- Exhibit 17-B Final Inspection of Federal-Aid Project (FHWA Form 1446C)
- Exhibit 17-C Final Inspection Form
- Exhibit 17-D Sample Federal-Aid Final Invoice
- Exhibit 17-E Sample Change Order Summary
- Exhibit 17-F Final Report-Utilization of Disadvantaged Business Enterprise
- Exhibit 17-G Materials Certificate
- Exhibit 17-H Cover Letter and Final Report of Expenditures Checklist (PE Only)
- Exhibit 17-I Sample Cover Letter for the Report of Completion of Structures
- Exhibit 17-J Report of Completion of Structures on Local Streets and Roads

Exhibit 17-K Sample Report of Completion of Right of Way Expenditures

Exhibit 17-L Sample Report of Expenditures for Force Account projects

Exhibit 17-M Final Project Expenditure Report

Exhibit 17-N Environmental Enhancement and Mitigation (EEM) Program Final Report of Right of Way Expenditures

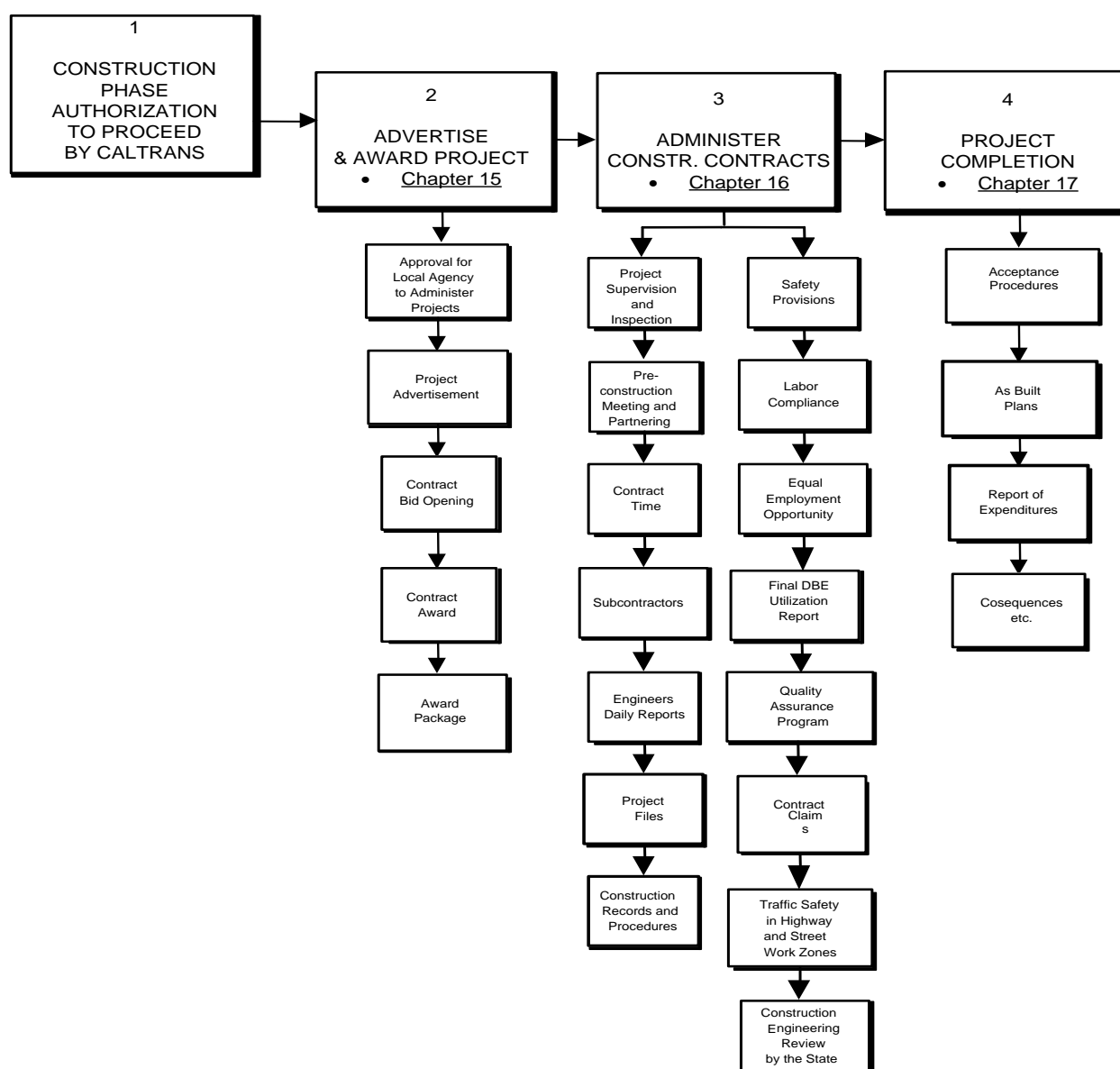
Exhibit 17-O Disadvantaged Business Enterprises (DBE) Certification Status Change

Chapter 17 Project Completion

17.1 INTRODUCTION

This chapter covers the topic of project completion. It is to be used mainly as a guide for administration of federal-aid contracts by local agencies. Each Resident Engineer should be familiar with the contents of this chapter, and Chapters 15, "Advertise and Award Project," and Chapter 16, "Administer Construction Contracts," before administering such contracts.

Figure 17-1. Project Completion



This chapter and Chapters 15, “Advertise and Award Project,” and Chapter 16, “Administer Construction Contracts,” of the *Local Assistance Procedures Manual* (LAPM) are for the use of local agencies, which administer federal-aid projects under a “Local Agency-State Agreement.” These three chapters cover general contract administration procedures.

When a locally sponsored project funded with federal-aid is within the state R/W and the State (Caltrans) is the administering agency, the Caltrans *Construction Manual* is used in lieu of these procedures.

17.2 DEFINITIONS OF TERMS

Delegated Project – A lower risk project not selected as High-Profile project, for which Caltrans has authority for all aspects of a federal-aid project except those activities which may not be delegated by federal law (requiring Federal Highway Administration [FHWA] approval). Prior to September 2007 these projects were referred to as “State-Authorized” projects defined by set criteria (rather than risk) such as non-Interstate 3R projects, Interstate construction projects under \$1 million, non-NHS projects, and so forth. Over 99% of local assistance projects are delegated in which Caltrans or the local agency has approval authority for most project level activities.

EEO – Equal Employment Opportunity.

Final Invoice – Invoice listing final cost incurred for a particular phase of the project, i.e., Preliminary Engineering, Construction Engineering, Right of Way, or Construction. The District Local Assistance Engineer (DLAE) is required to verify project completion and approve payment before forwarding the final invoice to Local Programs Accounting (LPA). For example see Exhibit 17-C, and refer to Chapter 5, “Invoicing,” for instructions.

Form FHWA 1446C – Final Inspection of Federal-aid Project. Document used by Caltrans to complete the final inspection of NHS Projects subject to FHWA Full Oversight (Exhibit 17-B).

Form FIF-6/05 – Final Inspection Form and revision date. Document used by local agency to complete the final inspection of all projects (Exhibit 17-C).

High-Profile – High-Profile projects are high-risk projects for which the FHWA maintains project level approval for most project delivery activities. Prior to September 2007, these projects were referred to as FHWA “Full Oversight” projects based on set criteria (rather than risk) such as Interstate construction over \$1 million, major Intelligent Transportation System, and so forth. Very few local assistance projects are High-Profile projects.

Progress Invoice – Periodic billing invoice by local/regional agencies for reimbursement of costs on on-going contracts.

Report of Expenditures – Collectively refers to various final report documents.

17.3 FINAL INSPECTION PROCEDURES FOR FEDERAL-AID PROJECTS

Local agencies shall document fulfillment of environmental mitigation commitments for final inspection Report of Expenditures and ultimate accountability as follows:

- **Categorical Exclusion (CE)** – Local agency shall provide the DLAE with a list of environmental mitigation commitments when requesting CE determination.
- **Environmental Assessment (EA)** – Local agency shall summarize when environmental mitigation commitments in the draft Finding of No Significant Impact (FONSI).
- **Environmental Impact Statement (EIS)** – Local agency shall summarize environmental commitments in the draft Record of Decision (ROD).

In addition, they shall acknowledge any long-term commitment to maintenance of those mitigation measures.

Delegated Projects

Final Inspection by Local Agency – The local agency representative or his/her staff shall make the final inspection using Final Inspection Form FIF-6/05, (see Exhibit 17-C). The local agency representative or staff performing final inspection or signing the Final Inspection Form shall be one with authority for accepting the completed contract on behalf of the local agency and authorizing final payment to the contractor, as well as directing corrective action(s) to be undertaken by the contractor.

The inspection of work performed by contract shall be made sufficiently in advance of contract acceptance to allow time for possible corrective action. Neither FHWA nor Caltrans inspection is required at this time.

The construction contract may not include all of the work contemplated in the project authorized such as striping by day labor. This work should nonetheless be completed in a timely manner.

Upon successful completion of all corrective actions undertaken by the contractor, acceptance of the contract, and completion of all additional work required for the authorized project, the local agency representative should complete Items 1-10 of the Final Inspection Form and forward it to the Caltrans DLAE.

Project Verification by DLAE – The DLAE or his/her staff depending on the district organization and type of project, will review the job site and verify that the project was constructed in accordance with the scope and description of the project authorization document. Any safety, design or construction deficiencies noted should be immediately brought to the attention of the local agency for correction or resolution. Upon satisfactory review by Caltrans staff, the DLAE shall ensure that Items 1-10 have been completed by the local agency prior to completing Items 11-13 on the Final Inspection Form. The DLAE shall retain the Final Inspection Form and send a copy to the local agency for the Report of Expenditures.

High-Profile Projects

Final inspection of significant NHS projects shall be in accordance with written construction administration procedures discussed in Section 15.3 of the LAPM. All High-Profile projects shall be in accordance with the following:

Final Inspection by Local Agency – High-Profile projects will require a final inspection by the FHWA. To initiate this inspection, the local agency will make the final inspection as described above for Delegated projects, accept the construction contract and submit the signed Final Inspection Form FIF-6/05 and reduced plan cover sheet and typical cross sections to the Caltrans Oversight Engineer (OSE) immediately upon completion of all work in the project authorization.

Project Verification by OSE – Upon receipt of the Local Agency Final Inspection Form, the OSE shall verify that the project has been completed as described in the plans and specifications. The OSE shall then transmit the necessary documents to the FHWA Transportation Engineer.

Final Inspection by FHWA – The final inspection by FHWA will be coordinated by the OSE in accordance with Caltrans *“Oversight Field Engineer Guidelines.”*

The DLAE shall receive from the OSE the “Report of Expenditures” prior to the DLAE processing the local agency’s final project invoice.

17.4 “AS BUILT” PLANS

On locally administered contracts the resident engineer shall provide the DLAE a set of original record drawings of all structure work with “As Built” corrections, or a clear, readable, black-line copy of the original tracings with “As Built” corrections. The “As Built” corrections shall be made by the engineer responsible for structure work. Each sheet of the As-Built plans must be clearly identified with an As-Built stamp. All plan sheets, whether they contain changes or not, must have (at a minimum) the name of the Resident Engineer (R.E.), the Construction Contract Acceptance date, and the Contract Number. These shall be forwarded by the DLAE to the Division of Structures with a copy of the Report of Completion of Structures (Exhibit 17-J). These shall be returned to the local agency after microfilming, if requested.

“As Built” corrections for the roadwork portion of the plans should be recorded in accordance with local agency requirements.

17.5 FINAL REPORT OF EXPENDITURES

The local agency is responsible for preparing and submitting to the DLAE the final report documents which collectively constitute the Final Report of Expenditures. This report provides key information required to initiate timely project closure and payment. The Report of Expenditures must be submitted within six (6) months of project completion. If the submittal deadline occurs in the year funds will lapse, the Final Report of Expenditures must be submitted to the DLAE by April 1 of that year. If timely submittals are not received, Caltrans may initiate actions discussed under Section 17.6, “Consequences for Non-Compliance.” The

Final Report of Expenditures must be signed by the public employee in responsible charge of the project.

Federal-aid Projects

For federal-aid projects, the Final Report of Expenditures includes, as a minimum, the following documents:

- **A Cover Letter and Federal Report of Expenditures Checklist** (Exhibit 17-A) – Identifies all mandatory documents to be included in the Final Report of Expenditures. This checklist shall be submitted by the local agency with the report of completion. Copies of all documents included in the report of expenditures shall be maintained on file at the local agency for any future audits as specified in the Master Agreement and Program Supplement, and to serve as verification that contractor labor requirements were met.
- **Final Inspection Form**
 1. **Final Inspection Form FIF-6/05 (Exhibit 17-C)** – This form when completed by both the local agency and the DLAE or OSE (SHS projects) shall be included as part of the Final Report of Expenditures for all projects.
- **Final Invoice** – Final Invoice should conform to the format in Exhibit 17-D. Submit one original. The Final Invoice **must** agree with the Final Detail Estimate.

Note: Even if all funding has been disbursed a final zero dollar amount invoice must be submitted

- **Final Detail Estimate** – The format of the final detail estimate is the same as presented in Chapter 15, Section 15.7, “Award Package,” except that it must be labeled “Final” and show the total of previous progress payments plus the final invoice. The local agency shall prepare the final detail estimate (Exhibit 15-M, Detail Estimate). If claims are still pending, the final detail estimate should not be prepared until the claims are resolved. The final detail estimate must agree with the final invoice. State costs (Example: state material testing) should not be included in the final detail estimate prepared by the local agency. Once claims are settled, the final invoice and a final detail estimate shall be submitted to the DLAE as part of the Final Report of Expenditures.
- **Change Order Summary** – The Change Order Summary should conform to sample form in Exhibit 17-E. This is required regardless of whether or not change orders were made during the course of the contract. If there were none, please note “none.” Additionally, the following mandatory items of information must also be included on this form:
 1. **Liquidated Damages** – Indicate the liquidated damage days charged (calendar days) if any, the amount per day, and the total amount charged. Refer to Chapter 16, “Administer Construction Contracts,” Section 16.15, “Claims,” for contractor’s claims procedures. If there were no liquidated damages, please note “none.” Liquidated damages shall also be shown on the Final Invoice and Final Detail Estimate.

2. **Contractors Claims** – Refer to Chapter 16, “Administer Construction Contracts,” Section 16.15, “Contract Claims,” for contractor’s claims procedures. If there were no contractor’s claims, please note “none.”

3. **Date of Acceptance**

- **Final Report-Utilization of Disadvantaged Business Enterprises (DBE), First-Tier Subcontractors** (Exhibit 17-F) – This form shall be completed and signed, and it shall be in conformance with the requirements in Chapter 9, “Civil Rights and Disadvantaged Business Enterprises.” The completed form shall be submitted to the DLAE or OSE (SHS projects) with the final report of expenditures for construction contracts (or as specified in the provisions for consultant contracts).
- **Disadvantaged Business Enterprises (DBE) Certification Status Change** (Exhibit 17-O) – This form shall be completed, signed, and submitted to the DLAE or OSE (SHS projects) with the final report of expenditures for construction contracts (or as specified in the provisions for consultant contracts). If no change, state so.
- **Materials Certificate** (Exhibit 17-G) – This certificate is to be included in the project files upon completion of the project. Exceptions to the certification should be documented in project records in summary form along with explanations and attached to the certificate, including change orders to accept nonconforming materials.
- **Cover Letter and Final Report of Expenditures Checklist (PE only)** (Exhibit 17-H) – This form shall be submitted (in place of Exhibit 17-A) by the local agency to the DLAE for projects authorized for Preliminary Engineering (PE) only and not required to advance to right of way acquisition or construction award.
- **Cover Letter for the Report of Completion of Structures and Report of Completion of Structures on Local Streets and Roads** (Exhibits 17-I and 17-J) – This report is to be forwarded by the DLAE to the Engineering Service Center Division of Structures, Office of Structures Maintenance and Investigations Local Assistance Branch, for projects which include a bridge or other major structure. This information is necessary to incorporate all bridges into the statewide inventory and maintenance management system. (Include two (2) copies in the Report of Expenditures).
- **Report of Completion of Right of Way Expenditures** – Projects with Right of Way expenditures require additional information in the Report of Expenditures. When the project is complete, a summary of the progress payment requests is submitted on a Report of Completion of Right of Way Expenditures, Form FM 1592A (see Exhibit 17-K). This claim should be submitted when final right of way costs are known in order to expedite audit of the claim and reimbursement. The report shall also include the following:
 1. A parcel list.
 2. Final maps (those that come with Right of Way Certification if not previously sent).

3. A breakdown of Right of Way costs (with participating costs shown separately). The total participating costs should equal the "Participating Costs to Date" as shown on the Final Progress Requests (Forms FM 1592A).
4. Final Invoice for Right of Way – The invoice must be prepared on an agency letterhead; each phase must include:
 - a. All agency and project identification shown on the form including the Local Agency-State agreement number.
 - b. Dates and amounts of funding authorized for Incidental and Capital Outlay.
 - c. Period of expenditures (dates) for Incidental and Capital Outlay.
 - d. Cost breakdown for Incidental and Capital Outlay as follows:
 - Total Cost to Date
 - Rental Income
 - Nonparticipating Cost to Date
 - Subtotal – Participating Costs
 - Participating Cost Previously Claimed
 - Subtotal – Change in Participating Posts
 - Reimbursement Ratio
 - Amount of this Claim
 - Invoice Total

Progress payment invoices shall be mailed directly to the Accounting Service Center in Sacramento at the address given in the example. No district review will be required for progress payments; however, final payment invoices shall be submitted directly to the DLAE as part of the Final Report of Expenditures and will be reviewed by the district prior to payment. A final detail estimate is not required for right of way only projects, since the final report of expenditures document provides the information required.

- **Force Account Projects** – Projects with Force Account work also require a Report of Expenditures. These projects are usually emergency relief type and include emergency repair work. Other federal-aid projects may incorporate all, or a part of the project to be built using the force account method. A completed example of a Report of Expenditures for a project including Force Account Work is included as Exhibit 17-L. For more information on force account procedures, see Chapter 12, "Plans, Specifications & Estimate," under "Method of Construction."

The DLAE shall perform a review of these documents for correct format and obvious errors and/or omissions. Upon verification that the Final Report of Expenditures is complete, the DLAE shall forward it to LPA for processing.

State-Funded Projects

For state funded projects, in state transportation programs such as the Environmental Enhancement and Mitigation (EEM) Program, the local agency shall complete the "Final

Project Expenditure Report” (Exhibit 17-M). The report with the final invoice attached will be submitted to the DLAE.

NOTE: *These programs were intended under the blueprint legislation as state only funded projects. However due to varying circumstances of the state budget each year, and the variations of the State Highway Account, Caltrans at times may require projects in these programs to utilize federal-aid funds. When this occurs the Federal Report of Expenditures shall be completed as described under federal-aid projects above.*

The DLAE will verify project completion as described for State-Authorized federal-aid projects, sign the report and, except for EEM projects, forward the original plus two copies to the Headquarters Division of Local Assistance.

For EEM projects, the DLAE will forward the original plus two copies of the “Final Project Expenditure Report,” to Local Programs Accounting, with a copy to the EEM Program Manager in the HQ Division of Local Assistance. Use “Final Report of Right of Way Expenditures” (Exhibit 17-N) for projects involving the acquisition of real property or rights thereto with funds direct deposited into an escrow account. In this case, the DLAE will not verify project completion until the close of escrow is completed and the recordation of both the grant deed and the Agreement Declaring Restrictive Covenants (ADRC). A copy of the recorded grant deed(s) and the original ADRC will be attached to the final report of right of way expenditures.

17.6 CONSEQUENCES FOR NON-COMPLIANCE

Sanctions may be imposed by Caltrans on agencies that are found in noncompliance with the reporting requirements listed above in Section 17.5. The types of sanctions are further discussed in Chapter 19, “Oversight and Process Reviews.”

If there is a discrepancy between the Final Invoice and Final Detail Estimate, the agency is notified by phone that a discrepancy exists and their payment will be delayed until it is resolved. If the problem cannot be resolved within (180) days, the LPA shall bill the agency for all expenditures made on this project. If the local agency does not pay the accounts receivable bill within thirty (30) days, the LPA shall initiate action with the State Controller to offset funds due the local agency.

If the local agency has previously included in their billing, items not reimbursable by the FHWA or over-billed progress payments that exceed the Final Estimates, the local agency shall be billed for the overpayment. The local agency shall pay the state’s accounts receivable bill within thirty days or LPA shall initiate action with the State Controller to offset funds due the local agency. The same policy shall apply to those recommendations from Process Review Reports on applicable findings or the improper utilization of Disadvantaged Business Enterprises.

17.7 REFERENCES

- [23 CFR 635 Subpart D](http://www.fhwa.dot.gov/legregs/directives/fapg/cfr0635d.htm)
<http://www.fhwa.dot.gov/legregs/directives/fapg/cfr0635d.htm>
- [23 CFR 637 Subpart B](http://www.fhwa.dot.gov/legregs/directives/fapg/cfr0637b.htm)
<http://www.fhwa.dot.gov/legregs/directives/fapg/cfr0637b.htm>
- [23 CFR 640.113](https://www.gpo.gov/fdsys/pkg/CFR-1999-title23-vol1/pdf/CFR-1999-title23-vol1-sec640-109.pdf)
<https://www.gpo.gov/fdsys/pkg/CFR-1999-title23-vol1/pdf/CFR-1999-title23-vol1-sec640-109.pdf>
- [49 CFR Part 26](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr26_main_02.tpl)
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr26_main_02.tpl
- *Construction Manual*, Chapter 5, Section 5-1, “Project Records and Reports”
<http://www.dot.ca.gov/hq/construc/constmanual/>
- *Caltrans Construction Manual*, Chapter 6, Section 6-01, “Sample Types and Frequencies,” 6-02, “Acceptance of Material and Sampling Methods,” and 6-03, “Field Tests”
<http://www.dot.ca.gov/hq/construc/constmanual/>
- United States Code, Title 23 Chapter 1, Section 121, “Payment for States Construction”
- FHWA “Construction Administration Group”
<http://www.fhwa.dot.gov/programadmin/contracts/index.htm>
- FHWA “Construction and Maintenance”
<http://www.fhwa.dot.gov/construction/>